ANNEX C: Excess stock and storage

1. Our current effective stock stands at 18.9bn items, including future inbound supply and items stored in China. We are currently committed to provide free PPE to frontline services until at least March 2022, and in most categories stocks are sufficient to meet ongoing demand (currently running at around 11bn items per year) as well as maintaining a generous safety stock. In some categories we have significant excess over and above what we need, even with high demand assumptions. Calculations of excess stock depend on the assumptions we make about future demand and our operating model beyond March 2022.

Table 1: Snapshot of volume and value of excess stock from 7 June 2021, with high assumptions for demand (2022-23 demand similar to the current year)

	Units (bn)
Total stock bought	**32.0**
Used already 20/21	11.0
Existing stock marked as QA Fail	3.8
Remaining stock	**17.3**
Remaining stock *in PPE categories with excess*	**6.5**
High demand forecast for 21/22 and 22/23, *in those categories*	1.6
Safety stockpile held, *in those categories*	1.8
Excess stock at March 2023 *in those categories*	3.1
Excess stock plus "do not supply" stock	6.9

2. This calculation from early June identifies excess of 6.5bn items of stock. Based on our very cautious assumptions of continuing demand in these categories over 21-22 and 22-23, this will leave us with 4.9bn items. We will continue to hold on to 1.8bn items of these for our 4-month safety stockpile, leaving us with a clear surplus of 3.1bn items of stock in these categories. If we add the 3.8bn "do not push" items (across all categories) to this we have at least 6.9bn items of excess stock.

3. The PPE network in the UK is currently storing 1.3m pallets of PPE. This costs DHSC in the region of £300m per year in operational costs (mainly storage) of which £120m is attributable to excess stock. At current pandemic usage, we estimate that £3.8bn of stock (603k pallets) will expire before it can be used.[1] Once stock reaches obsolescence (sell-by date) we will ultimately need to write down the stock and dispose of it (incurring disposal costs).

[1] This is based on weighted average purchase prices, however the year end exercise has written down this stock through an impairment.